

Social Security Administration

Internal Revenue Service

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for Employers

IRS e-file for Business Offers Two New Options



Your company is doing more and more business electronically these days. So what about your taxes? Wouldn't it be great to file them by phone or computer? Now you can with IRS *e-file* for Business which offers quick, easy, and accurate alternatives to filing paper returns. Check out these two NEW options!

Form 1065, U.S. Partnership Return of Income

Effective June 5, 2000, IRS began accepting and processing TY99 partnership returns voluntarily filed electronically at the Memphis Service Center (MSC). (Note: Andover Service Center (ANSC) will no longer accept and process partnership returns filed electronically or on magnetic media.)

To participate, a Form 9041, "Application for Electronic/Magnetic Media Filing of Business and Employee Benefit Plan Returns," must be submitted, and Business Acceptability Testing System (BATS) with the Memphis Service Center successfully completed. To ensure timely receipt and review of your application, file Form 9041 at least 60 calendar days before the end of the accounting period for which the entity files.

Reminder: Section 1224 of the Taxpayer Relief Act of 1997 requires partnerships with more than 100 partners to file their return electronically. Regulations have been finalized and apply to partnership returns for taxable years ending on or after December 31, 2000.

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Answers to Your MMREF Questions

Over the past year, this publication has run a series of articles about SSA's new reporting specifications entitled Magnetic Media Reporting and Electronic Filing (MMREF). Here are answers to the questions our readers ask the most about this new filing requirement.

1. What is the last year that I can file using the existing Technical Information Bulletin (TIB) format?

Tax year 2000 (that's W-2s due in calendar year 2001) is the last year we will accept the TIB format. In Tax Year 2001 (that's W-2s due in calendar year 2002), all magnetic media/electronic submitters are required to use the MMREF formats.

2. Why were the TIB formats rewritten?

The record formats were rewritten to accommodate the electronic filing of W-2s, to provide room in the records for expansion and to eliminate the need for the paper Form 6559. The MMREF also contains one record format for both magnetic media and electronic filers, thus making it easier for employers to

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Hiring the Disabled Helps Both Employee and Employer

This year marks the tenth anniversary of the enactment of the Americans with Disabilities Act (ADA). While progress has been made on many fronts, almost 75 percent of the 30 million working-age adults with significant disabilities remain unemployed or underemployed.

Too often, employers overlook this population as a qualified and reliable pool of potential workers. The IRS is working with the Presidential Task Force on Employment of Adults with Disabilities to let disabled individuals and employers know about several tax benefits that promote employment opportunities.

Qualifying disabled workers may be able to claim impairment-related work expenses as an itemized deduction. These are their allowable business expenses for attendant care at their workplace and other expenses in con-

nection with their workplace that are necessary for them to work. Impairment-related work expenses are not subject to the 2 percent of adjusted gross income limit on miscellaneous itemized deductions.

Taxpayers who own or operate businesses may be eligible for the following three tax incentives:

■ **Deduction for costs of removing barriers to the disabled and the elderly** – This is a deduction that businesses can take for making their facility or public transportation vehicle more accessible to and usable by persons who are disabled and elderly.

■ **Disabled access credit** – This is a tax credit for an eligible small business that pays or incurs expenses to provide access to persons with disabilities. The expenses must be to enable the eligible small business to comply with the ADA.

■ **Work opportunity tax credit** – This is a tax credit for businesses that hire individuals from certain targeted groups. One targeted group includes vocational rehabilitation clients who have completed state vocational rehabilitative services in accordance with approved individualized written plans for employment. A second targeted group consists of blind or disabled individuals who receive Supplemental Security Income (SSI) benefits.

More information on these and other tax benefits is available in *Tax Highlights for Persons with Disabilities* (Publication 907). It provides a brief introduction to the tax laws of particular interest to people with disabilities and their employers. Information on the Presidential Task Force on Employment of Adults with Disabilities is available at its Web site www50.pcepdp.gov/pcepdp/ or by calling (202) 693-4939. **TREAS**

One Call—That's All it Takes to Apply for Retirement or Survivor's Benefits from Social Security

Now it's easier for your employees to apply for Social Security retirement or survivor's benefits, and they don't need to take a day off. With one call to our toll-free 800 number 1-800-772-1213 your employees can apply for retirement or survivor's benefits between 7 a.m. and 7 p.m. on business days. It's best to apply 3 months before the date the employee wants the benefit to start.

Our one call service is simple and convenient. When your employees call the 800 number, they should select the prompt that indicates they want to apply for retirement or survivor's benefits. Our representative will ask a few questions to determine if they have the basic information we need to take the claim. If so, they'll be introduced to a representative who

will take their claim, immediately. We'll mail the completed application to the employee for their signature. To use the one call service to apply for retirement benefits, employees need their—

- Social Security number,
- birth certificate,
- W-2 forms or self-employment tax return for the most recent year, and
- financial institution name and account number to deposit benefits into their account.

They need proof of U.S. citizenship or lawful alien status if they were not born in the U.S.

Or, to use the one call service to apply for survivor's benefits, in addition to the above information, they also need—

- the deceased worker's Social Security number,
- their marriage certificate, if they are a widow or widower,
- dependent children's Social Security numbers, and
- their divorce papers if applying as a surviving divorced spouse.

When an employee applies for retirement or survivor's benefits by phone, it saves time. Employees can take care of their Social Security business – with one call – from the comfort of home and not have to take time off. For more information about retirement benefits, have your employees contact Social Security and ask for the booklet, *Social Security-Retirement Benefits*, Pub. No. 05-10035. **SSA**

Addresses for Tax Returns in 2001

Businesses in several states will be sending their federal tax returns to different addresses beginning in January 2001, as part of the overall modernization of the Internal Revenue Service. The Service will help taxpayers make the change smoothly:

■ Envelopes in the 941 packages mailed out in November will be pre-printed with the new addresses.

■ The new addresses will be printed in the appropriate instructions and publications.

■ The IRS Internet site will have the new addresses.

The changes will not affect businesses that file electronically. The next issue of SSA/IRS Reporter will include material on which states are affected and where businesses in those states should mail their returns. **IRS**

Helping Businesses Comply with the ADA

This year we celebrate a decade of progress since the Americans with Disabilities Act (ADA) was passed. Just look around you. It is no longer unusual to see people with disabilities dining out at restaurants, working in the office, participating in town meetings, shopping at the mall, watching a movie, or cheering at a ballgame. Many of the country's major corporations have learned the benefits of inclusion.

To learn more about the ADA and the practical, inexpensive things you can do to serve people with disabilities and their families, or to order a free ADA Guide for Small Businesses or Tax Incentive Packet, call the ADA Information Line at

■ (voice) 800-514-0301 / 800-514-0383 (TDD)

or go to the ADA Home Page at


■ www.usdoj.gov/crt/ada/adahom1.htm 

Replace Your Medicare Card on Social Security's Web site

At age 65, your employees can be eligible for Medicare whether they receive Social Security benefits or not. A service you can provide to those employees who are Medicare beneficiaries is to tell them how they can apply to replace a lost Medicare card at Social Security's Web site, www.ssa.gov, at their convenience. This is possible because we've partnered with the Health Care Financing Administration (HCFA) to make replacing a Medicare card easy and convenient.

Employees who use Social Security's Web site to replace a Medicare card will fill out the

online form and can send it electronically. We process approximately 750,000 requests annually for replacement Medicare cards. We use the highest commercially available encryption to ensure that a beneficiary's confidential information is secure. Requests are forwarded to HCFA, to process the request and mail the replacement card to the Medicare beneficiary.

Your employees who are Medicare beneficiaries can also apply for a replacement card by calling Social Security's toll-free number, 1-800-772-1213, or visiting one of Social Security's local offices. 

IRPAC Provides Reporting Advice for Employers by Employers: Prepare Now for Error Free Year-End Reconciliations

Employers and other filers of information returns are represented on an IRS Advisory Committee known as the Information Reporting Program Advisory Committee (IRPAC). IRPAC was created at the request of Congress and has been working closely with the IRS to provide input concerning information reporting requirements, particularly concerning Forms W-2 and 1099.

IRPAC believes that one of the most difficult and problematic responsibilities that employers face is the reconciliation of Forms W-2, Wage and Tax Statements, and Form W-3, Transmittal of Wage and Tax Statements, to Form 941, Employer's Quarterly Federal Tax Return, for year-end reporting. Over the course of the year, many adjustments, special payments and simple math errors can too easily be made and forgotten, or be inadequately documented. However, problems can be avoided through careful preparation.

Why is this so important? First, employees may be adversely affected by reporting errors. Forms W-2 are used by the SSA and the IRS to post wages and taxes withheld for each employee. Annual earnings reported on Forms W-2 provide the basis for the calculation of Social Security

benefits. Amounts shown on Forms W-2 as wages and federal income tax withheld provide the basis for each employee's individual income tax return. Any errors in amounts reported may cause problems for employees. In addition, the IRS and/or the SSA may need to contact you to resolve possible errors if amounts do not reconcile.

What to do: To avoid being surprised by significant imbalances during the often-busy year-end season, IRPAC recommends using the third calendar quarter as a "practice run" for year-end reporting. Find the following year-to-date amounts, from your payroll reports for the quarter ended September 30. Enter the totals on a "practice" Form W-3, and reconcile the "practice" Form W-3 with the first three quarterly Forms 941 filed for the year. The fields which must match include: Federal Income Tax Withheld, Social Security Wages and Tips, Medicare Wages and Tips, Social Security and Medicare taxes, and Advance earned income credit payments.

Also, if your organization is subject to Federal unemployment taxes (FUTA), compile a record of all state unemployment insurance taxes paid and wages reported

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IRS *e-file* for Business Offers Two New Options continued from page 1

941 On-Line Filing

As of April 1, 2000, the 941 On-Line Filing (OLF) option has made it possible for businesses to file Form 941 via the Web, through an Approved Business *e-file* Provider. Currently, Nantiontax Online is the only IRS approved provider of this service.

To take advantage of this convenient new filing option, filers must first submit an application found on the Nantiontax Web site at <http://www.nantiontax.com>. Nantiontax then electronically sends – on behalf of the business – a Letter of Application (LOA) to the IRS. Within 10 days, the IRS will mail the business taxpayer a Personal Identification Number (PIN). The PIN is active and may be used by the business taxpayer immediately upon receipt. However,

receipt of the PIN must be acknowledged by the business taxpayer within 10 days or the IRS will deactivate the PIN for security reasons. The PIN is then used in lieu of the taxpayer's signature when filing a return electronically. After filing Form 941 via the Web, a process that can be completed in five minutes or less, the business taxpayer receives confirmation from the IRS that the return has been received and processed.

Information about electronically filing federal business taxes is available on the IRS Web site (http://www.irs.gov/elec_svc/efile-bus.html). **Check this site periodically for new approved providers of IRS *e-file* for Business options.** Information about 941OLF is also available by calling the IRS

e-file Help Desk, Austin Service Center at (512) 460-8900 or Nantiontax at (877) 786-3453.

■ Coming in January 2001 – 940 *e-file* and 940 on-line!

Look for details in your next SSA/IRS Reporter.

As a convenience to taxpayers, the Internal Revenue Service provides information about companies offering the *e-file* products and services mentioned in this article. The Internal Revenue Service and the United States Government do not endorse or warrant companies or their products or services. The decision to use or not to use any of these products and services will not result in any special treatment from the Internal Revenue Service. **IRS**

Answers to Your MMREF Questions continued from page 1

transition to electronic filing in the future. By establishing electronic reporting, we lower operating costs by reducing the labor intensive activities required to process paper, diskette, tape, and cartridge submissions.

3. What's the incentive to file this year using the MMREF?

Early participation allows you to take advantage of the new features for electronic filing such as acknowledgment of receipt, on-line status information, and testing of record formats prior to submission. For employers who file magnetically, the MMREF will make it easier to produce paper W-2s for employees because the order of the wage fields in the record layouts have been changed to match the order of the fields on the paper W-2.

4. What filing methods can I use with the MMREF?

You can file on magnetic tapes, 3480/3480E and 3490/3490E cartridges, 3 1/2 inch diskettes, via the On-line Wage Reporting Service (OWRS), and direct electronic data transfer using the MMREF format in TY 00.

5. I want to use the MMREF – what do I do now?

Let us know you plan to use the MMREF by faxing us the following information at (410) 966-4159: Company name, EIN, address, contact name, telephone/fax number, e-mail address, number of W-2s you plan to file, and the filing method you will use. Indicate if you're an employer, software vendor, or payroll provider. After we receive your information, we will send you the TY 2000 MMREF. The MMREF is also available at www.ssa.gov/employer on our Web site. **SSA**

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to state employment security agencies for the year. These amounts will be needed to complete Form 940, "Employers Annual Federal Unemployment (FUTA) Tax Return," and document any valid differences.

For more information, see the Instructions for Forms W-2 and W-3, Form 941, Form 945, and Publication 15, *Employer's Tax Guide (Circular E)*. If you have questions, call the IRS at 1-800-TAX-FORM [(800) 829-3676], or the SSA's Employer Reporting Services Center at 1-800-772-6270. You may also visit the IRS Web site at www.irs.gov, or the SSA's Web page for employer reporting information at www.ssa.gov/svcs.htm. **IRS**